

Message Text

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PAGE 01 MOSCOW 18461 041954Z
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C O N F I D E N T I A L MOSCOW 18461

USEEC (AMEMBASSY BRUSSELS)
USOECD (ALSO FOR EMBASSY)

USDOC FOR BEWT
E.O. 11652: GDS
TAGS; EEWT, ENRG, ESTC, TGEN, UR, FR, US
SUBJECT; SOVIETS SIGNAL DOWNTURN IN ORDERS FROM WESTERN
TRADE PARTNERS

REF: MOSCOW 17517

1. FRENCH CHARGE HAS TOLD US THAT FRENCH MINISTER OF
FOREIGN TRADE DENIAU, DURING HIS VISIT TO MOSCOW LAST
WEEK, HAD EXPRESSED PARIS' CONCERN ABOUT THE DECLINE
IN FRENCH EXPORTS TO THE USSR DURING THE FIRST FIVE
MONTHS OF 1978 AND DESIRE TO CONCLUDE CONTRACTS PRESENTLY
UNDER NEGOTIATION. DENIAU CITED THE SOVIET PROMISE,
MADE DURING THE BARRE VISIT TO MOSCOW LAST FALL, TO
RAISE PURCHASES IN 1978 TO FR 10 BILLION. (EXPORTS FROM
JANUARY-MAY 1978 AMOUNTED TO FR 2.25 BILLION, DOWN 27
PERCENT FROM THE FIRST FIVE MONTHS OF 1977.)

CONFIDENTIAL

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PAGE 02 MOSCOW 18461 041954Z

2. IN REPLY, SOVIET FOREIGN TRADE MINISTER PATOLICHEV
STATED THAT HE RECOGNIZED THAT THE USSR IS FAR BEHIND
IN SIGNING CONTRACTS FOR IMPORTED PLANTS FROM THE WEST.
HE ATTRIBUTED THIS TO THE FACT THAT SOVIET MINISTRIES
HAVE BEEN PLACING TOO MANY ORDERS WITH FOREIGN TRADE
ORGANIZATIONS; THERE IS ALREADY A BOTTLENECK IN CON-
STRUCTING THE FACILITIES TO HOUSE EQUIPMENT FOR WHICH

CONTRACTS ALREADY HAVE BEEN SIGNED. AS A RESULT, THE SOVIET UNION IS TRYING TO REDUCE ORDERS FROM WESTERN SUPPLIERS, AND FTO'S HAVE BEEN ORDERED TO SLOW DOWN NEW CONTRACTS. PATOLICHEV STATED THAT THIS POLICY WAS NOT DIRECTED AGAINST FRANCE BUT APPLIED ACROSS THE BOARD. SOVIETS WOULD TRY, HE SAID, NOT TO REDUCE THE VOLUME OF ORDERS FROM FRANCE TOO MUCH BUT THEY MIGHT HAVE TO STRETCH THEM OUT SOMEWHAT. PATOLICHEV THOUGHT THIS SITUATION WOULD LAST "ONLY ONE OR TWO YEARS," AFTER WHICH HE HOPED THINGS WOULD RETURN TO NORMAL. PATOLICHEV SAID THE SOVIETS WOULD CONVEY THEIR INTENTIONS ON OUTSTANDING CONTRACT NEGOTIATIONS AT THE OCTOB OCTOBER MEETING IN PARIS OF THE FRANCO-SOVIET GRANDE COMMISSION.

3. COMMENT. DESPITE LAST MINUTE IMPROVEMENT IN ATMOSPHERICS (REFTEL), SOVIET MESSAGE ON TRADE SEEMS TO BE THAT 1977 DOWNTURN IN IMPORTS FROM FRANCE AND OTHER WESTERN PARTNERS MAY NOT BE REVERSED FOR SOME TIME. FRENCH CHARGE, NEVERTHELESS, SAID FRENCH WERE REASONABLY SATISFIED WITH THE OUTCOME OF THE VISIT, SUGGESTING THAT THEY MAY HOPE SOVIETS WILL BE MORE FORTHCOMING IN OCTOBER. TOON

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